

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: Dedham Retirement Board

FROM: John W. Parsons, Esq., Executive Director

RE: Approval of Funding Schedule

DATE: August 24, 2020

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made July 1 of each fiscal year. The schedule is effective in FY21 (since the amount under the prior schedule was maintained in FY21) and is acceptable under Chapter 32.

The revised schedule maintained the investment return assumption of 7.25% from the 2019 actuarial valuation.

If you have any questions, please contact PERAC's Actuary, John Boorack, at (617) 666-4446, extension 935.

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Section 2: Actuarial Valuation Results

Funding schedule

(1) Fiscal Year Ended June 30	(2) Employer Normal Cost	(3) Amortization of Unfunded Actuarial Accrued Liability	(4) Actuarially Determined Contribution (ADC): (2) + (3)	(5) Unfunded Actuarial Accrued Liability at Beginning of Fiscal Year	(6) Percent Increase in ADC Over Prior Year
2021	\$805,274	\$3,460,408	\$4,265,682	\$31,863,780	--
2022	834,427	3,643,259	4,477,686	30,462,616	4.97%
2023	864,612	3,835,615	4,700,227	28,763,760	4.97%
2024	895,865	4,037,963	4,933,828	26,735,436	4.97%
2025	928,223	4,250,816	5,179,039	24,343,040	4.97%
2026	961,725	4,474,712	5,436,437	21,548,910	4.97%
2027	996,410	4,710,218	5,706,628	18,312,077	4.97%
2028	1,032,320	4,957,927	5,990,247	14,587,994	4.97%
2029	1,069,497	5,218,465	6,287,962	10,328,247	4.97%
2030	1,107,985	5,480,241	6,588,226	5,480,241	4.78%
2031	1,147,830	0	1,147,830	0	-82.58%

Notes:

Fiscal 2021 Actuarially Determined Contribution is set equal to budgeted amount.

Actuarially Determined Contributions are assumed to be paid on July 1.

Item (2) reflects 3.0% growth in payroll as well as a 0.15% adjustment to total normal cost to reflect the effects of mortality improvements due to the generational mortality assumption.

Projected normal cost does not reflect the future impact of pension reform for future hires.

Projected unfunded actuarial accrued liability does not reflect the recognition of deferred investment gains.

Department Breakouts of Actuarially Determined Contribution:

Fiscal Year Ended June 30	Housing	All Others	Total
2021	\$162,421	\$4,103,261	\$4,265,682
2022	171,606	4,306,080	4,477,686
2023	180,577	4,519,650	4,700,227